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Message Text

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53
ACTION SS-30

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FM AMEMBASSY BUCHAREST
TO SECSTATE WASHDC 6854

C O N F I D E N T I A L BUCHAREST 3993

EXDIS

E.O. 11652: GDS
TAGS: PFOR RO
SUBJ: CEAUSESCU VISIT: SOME ECONOMIC ASPECTS

REFS: (A) BUCHAREST 3931; (B) BUCHAREST 3622;
(C) BUCHAREST 2857; (D) BUCHAREST 2965;
(E) STATE 214283

1. DURING MEETING ON OCTOBER 31 WITH BUTNARU, CHIEF OF AMERICAS DIRECTORATE AT MIN FOREIGN TRADE, BUTNARU INITIATED DISCUSSION OF CEAUSESCU'S PROPOSED TRIP TO U.S. BUTNARU IS APPARENTLY CHARGED WITH COORDINATING ECONOMIC AND COMMERCIAL ASPECTS OF PRESIDENT'S VISIT, HAVING HAD PREVIOUS EXPERIENCE DOING THE SAME FOR CEAUSESCU'S SOUTH AMERICAN TOUR. HIS POINT WAS TO LIST FOR US CEAUSESCU'S PRIORITIES OF INTEREST IN ECONOMIC AND COMMERCIAL FIELDS. BUTNARU SAID THAT BESIDES POLITICAL DISCUSSIONS AND MFN ISSUE, WHICH CERTAINLY WOULD BE HIGH ON PRESIDENT'S AGENDA, CEAUSESCU WOULD WISH TO SEE CERTAIN AGREEMENTS CONCLUDED DURING HIS VISIT. FOREMOST ARE THE INCOME TAX TREATY AND FISHERIES AGREEMENT, ACCORDING TO BUTNARU. COMMENT: INCOME TAX TREATY APPEARS TO BE CLOSE TO AGREEMENT (REF A), WHILE OUR LATEST MOVE ON FISHERIES AGREEMENT HAD TOSSED BALL BACK IN GOR COURT. WHEN EMBOFF MENTIONED TO BUTNARU THAT US WAS STILL AWAITING FINAL APPROVAL OF DRAFT FISHING AGREEMENT BY APPROPRIATE GOR AUTHORITY, BUTNARU SIMPLY WAVED IT OFF AND SAID QUOTE THAT'S ALREADY SIGNED UNQUOTE.

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2. IN ADDITION TO CONCLUDING ABOVE AGREEMENTS BUTNARU SAID GOR WOULD LIKE TO SEE CERTAIN OTHER IMPORTANT COMMERCIAL CONTRACTS SIGNED DURING THE VISIT, IF AGREEMENT CAN BE REACHED ON COMMERCIAL TERMS. HE LISTED THEM IN ORDER AS

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FOLLOWS:
HELICOPTERS (SIKORSKY)
MANUFACTURE OF ELECTRIC MOTORS AND OTHER
ELECTRICAL MACHINERY (GE)
COKING COAL (CONSOLIDATION COAL)
MEDIUM RANGE JET AIRCRAFT (BOEING OR DOUGLAS)

COMMENT:
(A) HELICOPTERS--ROMANIAN HAVE BEEN PRESSING FOR EARLY SUBMISSION OF FINAL BIDS FROM SIKORSKY AND FRENCH FIRM SNIAS. SIKORSKY IS HAVING PROBLEM WITH HIGH COST OF ITS TECH ASSISTANCE PROGRAM, AND IS STILL PLAGUED WITH DISADVANTAGEOUS FINANCING TERMS; FRENCH IN MEANTIME ARE VERY ACTIVE HERE AND ARE MAKING VERY OPTIMISTIC AND ASSURED SOUNDS.
(B) ELECTRIC MOTORS--THIS MAY NOT HAVE PROGRESSED FAR ENOUGH FOR FINAL SIGNATURE, BUT MIN FOREIGN TRADE WOULD LIKE TO SEE AT LEAST MEMO OF UNDERSTANDING SIGNED.
(C) COKING COAL--IN EARLY OCTOBER, VISIT TO ROMANIA OF VICE PRESIDENT OF CONSOLIDATED COAL CO., ARTHUR MACBRIDE RESULTED IN GOOD INDICATIONS FOR US/ROMANIAN COOPERATION. CONSOLIDATION BOARD OF DIRECTORS WAS TO HAVE MET IN LATE OCTOBER TO DISCUSS THE PROPOSAL (REF B).
(D) MEDIUM RANGE JET AIRCRAFT--BOTH BOEING AND DOUGLAS ARE STILL IN RUNNING AGAINST BRITISH BAC. GOR IS PUSHING ALL BIDDERS TO COME IN WITH FINAL OFFERS BY NOVEMBER 9. SO FAR ROMANIANS HAVE LEANED TOWARD BOEING, BUT DOUGLAS HAS MADE CONSIDERABLE PROGRESS IN LAST FEW WEEKS.

3. ACTION REQUESTED:
(A) IN VIEW OF PRIORITY CABLE FROM UNDER SECRETARY CASEY (REF E) DEPARTMENT MAY WISH TO FOLLOW UP AGAIN WITH EXIMBANK WHICH HAS SO FAR TURNED DOWN TWO SIKORSKY REQUESTS FOR PRELIMINARY COMMITMENTS ON FINANCING. OUR VIEWS SUPPORTING EXIMBANK FINANCING CONTAINED REFTELS C AND D. IN MEANTIME CHARGE AND ECON/COMM OFFICER HAVE ALREADY ARRANGED CALL ON TOP MINISTRY OFFICIALS TO DISCUSS BOTH HELICOPTERS
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AND JET AIRCRAFT.
(B) DEPARTMENT'S FOLLOW-UP WITH CONSOLIDATION COAL WOULD BE USEFUL TO DETERMINE RESULTS OF BOARD MEETING AND EXTENT OF COMPANY'S INTEREST.
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